

Message Text

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PAGE 01 BRUSSE 14765 290131Z
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C O N F I D E N T I A L BRUSSELS 14765

LIMDIS

USEEC

GENEVA FOR MTN FOR AMBASSADOR MCDONALD. DEPT PASS STR
FOR AMBASSADOR STRAUSS

E.O. 11652: GDS
TAGS: EEC, MTN
SUBJECT: HAFERKAMP ON MTN

1. AFTER DISCUSSION ON JULY 27 OF SEVERAL OTHER MATTERS, COMMISSION VICE PRESIDENT WILLI HAFERKAMP TURNED TO MTN SAYING THAT HIS BRIEFING OF FOREIGN MINISTERS EARLIER IN WEEK HAD GONE WELL WITH EVEN FRENCH COMPLAINTS BEING MUTED. HOWEVER, HE EXPECTED TROUBLE FROM THE FRENCH PARTICULARLY RE AGRICULTURAL SUBSIDIES IN THE MONTHS AHEAD. HE EXPRESSED PLEASURE WITH THE GENEVA AND BONN RESULTS AND GRATITUDE TO BOB STRAUSS FOR THE "COVER" GIVEN THE COMMISSION AT THE BONN SUMMIT IN BOB'S HARD TALKS WITH THE FRENCH AND OTHERS.

2. HE TOLD ME THAT FOR THE POST-VACATION PERIOD THE COMMISSION HAD ALREADY ARRANGED A COMPLETE SCHEDULE OF 113
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PAGE 02 BRUSSE 14765 290131Z

COMMITTEE MEETINGS AT BOTH SENIOR AND DEPUTY LEVEL AND THAT TOKYO-ROUND WOULD BE ON THE AGENDA OF THE FOREIGN MINISTERS' COUNCIL EACH TIME IT MEETS. HE HOPED TO BE IN WASHINGTON AT THE END OF NOVEMBER FOR THE REGULAR US-EC BILATERAL CONSULTATIONS AND TO REVIEW THE MTN SITUATION WITH STRAUSS AT THAT TIME. HE WAS RESERVING THE FIRST TWO WEEKS OF DECEMBER ON HIS CALENDAR TO FINISH THE JOB. HE

ASKED ME TO COMMENT ON THE REMAINING ISSUES.

3. AFTER NOTING THAT HE PROBABLY KNEW MORE ABOUT BOB STRAUSS' VIEWS THAN I DID, I SAID IT SEEMED TO ME THERE WERE FOUR OR FIVE MAJOR ISSUES STILL TO BE RESOLVED: AVOIDANCE OF TARIFF OFFER UNRAVELLING, RULES OF ORIGIN, TRANSPARANCY AND COVERAGE IN GOVERNMENT PROCUREMENT CODE AND OF TOP PRIORITY AGRICULTURE AND SUBSIDIES/COUNTERVAIL. HAFERKAMP SAID GUNDELACH WAS MOVING AHEAD TO SET STAGE FOR AGRICULTURE DECISIONS IN THE FALL AND HE, HAFERKAMP, HAD HELPED BY TALKING TO SCHMIDT AND ASKING SCHMIDT TO STRESS TO ERTL CRUCIAL IMPORTANCE OF PROGRESS. MESSAGE HAD GOTTEN THROUGH AND GUNDELACH DISCUSSIONS WITH ERTL ABOUT HOW GERMANS SHOULD CONDUCT PRESIDENCY OF AGRICULTURE COUNCIL HAD BEEN GOOD ONES. IN ADDITION HAFERKAMP WAS COUNTING ON SCHMIDT'S EXCELLENT RELATIONS WITH ANDREOTTI TO HELP MOVE THE ITALIANS AT THE CRITICAL MOMENT.

4. ON OTHER ISSUES, WE AGREED COMMISSION AND US SHOULD WORK CLOSELY TOGETHER AND THAT DENMAN AND MCDONALD SHOULD RESUME IN EARLY SEPTEMBER THEIR REGULAR COORDINATING, STOCK-TAKING SESSIONS. IN ADDITION I URGED AN EARLY DENMAN-MCDONALD DISCUSSION OF TARIFFS. HE AGREED.

5. ON SELECTIVE SAFEGUARDS, I SAID WE WOULD HOPE TO CONTINUE TO PLAY A CONSTRUCTIVE ROLE IN SEEKING COMMON GROUND
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PAGE 03 BRUSSE 14765 290131Z

BETWEEN THE COMMUNITY AND LCDS. HAFERKAMP SAID THE BRITISH WERE NOW PAYING THE PRICE FOR THEIR TEXTILE ACTIONS OF LAST YEAR AND THAT HE HAD TOLD THEM SO. HE PERSONALLY HOPED LDC PRESSURE WOULD MOVE THE FRENCH AND BRITISH BUT HE COULDN'T GUARANTEE IT AND HE WOULD WELCOME US HELP IN SEEKING THE POINT OF EQUILIBRIUM.

6. ON SUBSIDIES/COUNTERVAIL, I THOUGHT IT BEST TO TELL HAFERKAMP THAT PRELIMINARY CONGRESSIONAL SOUNDINGS CONCERNING POSSIBLE EXTENSION OF THE WAIVER HAD NOT BEEN PROMISING. I SAID, HOWEVER, THAT I DID NOT RULE OUT A WAIVER EXTENSION BUT IT SEEMED TO ME IN THESE CIRCUMSTANCES TO BE EVEN MORE IMPORTANT THAT THE AGRICULTURAL AND INDUSTRIAL SUBSIDY QUESTIONS BE SETTLED EARLY ON IN THE FALL, PREFERABLY BEFORE THE CONGRESSIONAL RECESS. THE ENSUING DISCUSSION LED HAFERKAMP TO CONCLUDE THAT THE EARLIEST POSSIBLE DATE FOR WRAPPING UP SUBSIDIES/COUNTERVAIL WOULD BE THE FOREIGN MINISTERS' COUNCIL OF OCTOBER 17. HE WONDERED ALOUD IF A JOINT GENERAL AFFAIRS AND AGRICULTURE COUNCIL COULD BE SCHEDULED BUT WHETHER HE WILL EXPLORE THIS POSSIBILITY OR NOT REMAINS TO BE SEEN. WE AGREED THAT ONE WAY OR ANOTHER A WAY HAD TO BE FOUND TO DEAL WITH JANUARY 4

WAIVER EXPIRATION PROBLEM.

7. IN COURSE OF DISCUSSION I RAISED RULES OF ORIGIN AND
GOVERNMENT PROCUREMENT CODE TWICE AND HAUSERKAMP DID NOT
COMMENT ON EITHER OCCASION. HINTON

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